

Message Text

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PAGE 01 BONN 07348 071844Z

62

ACTION EB-11

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 2340

INFO USMISSION BERLIN

AMEMBASSY LONDON

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E. O. 11652: N/A

TAGS: ETRN, WB, WG

SUBJECT: CIVAIR - RENTS AND FEES AT BERLIN AIRPORTS

REF: A. BONN 6730, B. BONN 7177

1. UK VIEWS ON THE BERLIN AIRPORT COMPANY (BFG) APPLICATION FOR INCREASED RENTALS, LANDING AND OTHER FEES ARE AS FOLLOWS: IN GENERAL BRITISH DO NOT OPPOSE ALLIED APPROVAL OF THE INCREASED FEES AND RENTALS BEARING IN MIND THAT THE FRG SUPPORTS THE REQUEST. IN DETAIL, AND WITH REFERENCE TO PARA 2, REFTEL (A), THEY SUGGEST THE CAA'S APPROVE (A), (B) AND (C) JUST AS PROPOSED BY THE BFG. THEY WOULD LEAVE IT TO THE DISCRETION OF THE EMBASSIES AS TO WHETHER THE RENTALS INCREASE (D) BE NEGOTIATED AT A 33 1/3 PERCENT OR A 20 PERCENT INCREASE, BUT THINK IT PREFERABLE TO LEAVE IT AT THE BFG PROPOSED LEVEL OF 33 1/3 PERCENT. THEY FULLY AGREE WITH THE CAA'S RECOMMENDATION THAT THE INCREASE AND SHIFT IN PASSENGER SERVICE CHARGE (E) SHOULD NOT, RPT NOT BE APPROVED.

2. THE BRITISH PROPOSE THAT IN DISCUSSION WITH THE FRG
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PAGE 02 BONN 07348 071844Z

THE ALLIES SHOULD STRESS THAT FOR THE FEBRUARY 1974

FARE INCREASE, NO ALLOWANCE WAS MADE IN THE CARRIERS' APPLICATIONS FOR THE PROPOSED FEE AND RENTAL INCREASES. THEREFORE, ALLIED AGREEMENT TO AN IMMEDIATE RISE IN THESE CHARGES WOULD HAVE TO BE CONDITIONAL ON THE UNDERSTANDING BY THE FRG THAT IN DUE COURSE THE INCREASES WOULD HAVE TO BE TAKEN INTO ACCOUNT WITHIN THE FARE STRUCTURE. LONDON ALSO THOUGHT THAT AT THIS TIME THE THE FUEL SURCHARGE WAS A FAR MORE IMPORTANT MATTER, AND THAT THE INCREASED FEES AND RENTALS PROPOSAL FROM THE BFG SHOULD BE TAMPERED WITH AS LITTLE AS POSSIBLE IN ORDER NOT TO "SOUR THE ATMOSPHERE." THE INCREASE IN FEES AND RENTALS THEREFORE SHOULD BE APPROVED BY THE ALLIES PROMPTLY BEARING IN MIND THAT IT WOULD MAKE FRG AGREEMENT ON A FUEL SURCHARGE MUCH EASIER AND THAT IN THE SHORT RUN THE ADDITIONAL COSTS COULD BE (A) ABSORBED BY PAN AM AND BEA, (B) MIGHT BE TACKED ON TO THE FUEL SURCHARGE IF THAT WAS SUGGESTED BY THE FRG, OR (C) MIGHT BE SUBSUMED IN ANY CONTRACTUAL ARRANGEMENTS MADE BY THE CARRIERS WITH THE BFG IN CONNECTION WITH THE MOVE TO TEGEL IN NOVEMBER. THE ADDED COSTS WOULD BE PASSED ON TO THE PASSENGER "IN DUE COURSE."

3. WITH RESPECT TO THE DETAILED BRITISH POSITION AS OUTLINED IN PARA 1, EMBASSY STRONGLY DISAGREES WITH THEIR PROPOSAL TO APPROVE THE INCREASE IN LANDING FEES FOR INTERNATIONAL FLIGHTS (ITEM B). THE UK IS MORE RELAXED ABOUT THE INTERNATIONAL FEE BECAUSE THERE IS NO UK CARRIER LIKE MODERN AIR, WHICH HAS BERLIN INTERNATIONAL CHARTER FLIGHTS AS ITS PRINCIPAL BUSINESS. MODERN, IN A LETTER TO THE EMBASSY (COPIES POUCHED TO OA/AVP AND GER/CE ON MAY 3) SAYS THE "IMPACT WOULD PROVE CRIPPLING TO OUR OVERALL OPERATIONS", IF ALL THE PROPOSED INCREASES WERE IMPLEMENTED AT THIS TIME. EMBASSY BELIEVES THIS IS PROBABLY NOT AN EXAGGERATION AND THAT THIS INCREASE SHOULD BE POSTPONED UNTIL THE END OF THE CURRENT CHARTER CONTRACTS THIS FALL.

4. COMMENT: EMBASSY ASSUMES THE DEPARTMENT WILL WISH TO DELAY FURTHER CONSIDERATION OF THE QUESTION OF FEES AND RENTALS UNTIL A REPLY FROM THE FRG TO THE AMBASSALIMITED OFFICIAL USE

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PAGE 03 BONN 07348 071844Z

DOR'S PRESENTATION (REFTEL B) IS RECEIVED. WE ARE REPORTING THE BRITISH VIEW, HOWEVER, SINCE IT MAY CONTINUE TO BE PERTINENT. EMBASSY ALSO WISHES TO REITERATE OUR STRONG IMPRESSION THAT WHATEVER POSITION THE FRG TAKES REGARDING IGS FARE LEVELS SUBSIDIES AND THE PASSING OF COSTS ON TO IGS PASSENGERS, THAT POSITION WILL INCLUDE INCREASED FEES AND RENTALS FOR THE BFG. THERE IS, WE BELIEVE, NOTHING TO BE GAINED FOR US BY

CONTINUING TO OPPOSE THESE INCREASES IF THE FRG IS
INSISTENT, AND IS ALSO PREPARED TO SEE THEM PASSED ON
TO THE PUBLIC
HILLENBRAND

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